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OCI 2334/73
12 September 1973

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MEMORANDUM

SUBJECT: What's on Bhutto's Mind -- Part II

REFERENCE: Memorandum Entitled "What's on Bhutto's Mind,"
dated 10 July 1973

Reference memorandum reviewed the concerns of then President Bhutto--he became Prime Minister on 14 August with the coming into force of a new constitution--on the eve of his projected visit to Washington. President Nixon's illness forced a postponement of the visit to mid-September and in the interim several new problems have arisen for the Pakistani leader. This addendum to the earlier memorandum examines these problems, both as new and important issues likely to be raised by Bhutto during his Washington visit and as they are expected to impinge on the issues already discussed in the reference paper. The problems include:

- devastating floods in the Punjab and Sind provinces,
- a general deterioration and growing inflexibility in relations between Bhutto and his political opponents,
- increasing insurgency in Baluchistan,
- a coup in neighboring Afghanistan,
- and an altered relationship with India and Bangladesh as a result of the New Delhi agreement of 28 August.

The floods, which began in early August and continued for nearly a month, were the most serious in Pakistan in living memory. Some three million acres were under water; some ten million people were significantly affected, possibly

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a third of those having lost their homes. The immediate problems involve food and foreign exchange losses and the need for widespread reconstruction. Even more important to Bhutto, however, could be the longer range political repercussions if the government is unable to heal quickly a crippled economy and deal effectively with growing inflationary pressures. Bhutto will need food grains badly this winter but government food grain stocks are adequate for the next few months:

-- an estimated 700,000 to one million tons of largely privately-owned wheat stocks were destroyed,

-- several hundred thousand tons of rice, still in the ground, were similarly lost. Additionally, an estimated 800,000 bales of cotton, Pakistan's principal foreign exchange earner, were destroyed. Irrigation canals will need to be repaired, transportation and communication lines have been damaged, and possibly 800,000 homes must be rebuilt.

Bhutto is expected to emphasize his nation's need for PL 480 wheat and, in the absence of adequate supplies of wheat, he will probably also seek coarse grains. The Pakistani leader can also be expected to ask for shipments of PL 480 edible oils. Pakistan's present needs are such that if PL 480 stocks are unavailable, Bhutto and his associates will probably explore the possibility of increased commercial purchases of both food grains and vegetable oils. He will also argue the need for additional commodity assistance from the US, citing losses sustained by the economy, including the severe reduction in anticipated foreign exchange earnings. He may also choose to point to the economic destruction resulting from the floods as justification for asking for rescheduling of Pakistan's long term foreign debt to major creditors.

Bhutto remains in a strong position viz-a-viz his domestic political opponents. His relations with them, however, have deteriorated since early July. On 30 July, spokesmen for the United Democratic Front (UDF), a loose federation of opposition parties, announced a boycott of further negotiations with Bhutto until he instituted "democratic processes" and restored the opposition-controlled government in the province of Baluchistan (Bhutto had removed it and installed his followers in power in February). The UDF set 24 August as the date for

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initiating a protest movement against the government if their demands were not met. On 15 August, the government arrested the three major opposition leaders in Baluchistan (they are also tribal leaders) and charged them with sedition. Following the launching of the protest movement on 24 August, the provincial government in the Punjab ordered the arrest of both leaders and rank and file members of the opposition, accusing them of violating emergency provisions of the constitution which prohibited processions or large gatherings.

In public speeches and in private talks with US officials, Bhutto continues to express his willingness to seek an accommodation with his political foes. Neither side, however, is willing to make the necessary concessions at this point, and the Prime Minister appears determined to keep governments friendly to him installed in all four provinces. While his acts against the opposition do not openly violate the constitution, he does use the power of the government in trying to intimidate his opponents. Opposition newspapers, for instance, have frequently been closed down by government decree. The floods have given Bhutto an opportunity to contrast his government's energetic handling of the crisis (the government has done an excellent job) with the opposition's insistence on pressing its political demands at a time of a major natural disaster. In the Punjab and Sind, at least, the public, concentrating attention on the floods, has taken little interest in the opposition's attempts to publicize the government's repressive actions.

Another domestic problem is in Baluchistan where low level insurgency in some tribal areas has been sputtering along since last winter. Incidents between insurgents and the security forces have become more common, however, particularly since the arrest of the three tribal leaders on 15 August. The government has increased the number of army and paramilitary units in the area and the activities of these units, road-building as well as patrolling, tend to further embitter the tribals. The occasional clashes have not yet reached serious proportions but do keep the province in a state of uncertainty and could have international repercussions due to interest in the fate of the Baluchis by the leaders of the new Afghan Government.

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The coup in Kabul on 17 July brought to power Mohammed Daud Khan who, as prime minister from 1953-1963, was a strong advocate of Pushtunistan, a proposed autonomous or independent state to be created of tribal areas in Pakistan along the Afghan border. In his first broadcast after taking power, Daud referred to Pakistan as the only nation with which Afghanistan had problems. A strong protest from Kabul following the arrest of the tribal leaders in Baluchistan on 15 August was viewed in Islamabad as flagrant interference in Pakistan's internal affairs. Bhutto fears that Afghan interest in Baluchistan is supported by the Soviet Union, and possibly India, and he will probably emphasize his concern over possible Soviet-sponsored subversion in Pakistan during his visit to Washington. He may cite reports that Baluchi rebels have been captured with modern Soviet weapons in their hands as evidence to support his fears. We still have no evidence that the Soviet Union is directly engaged in supporting an insurgency in Pakistani Baluchistan. Soviet arms in the possession of Iraqis who are supporting dissident activity in Iranian Baluchistan could explain the appearance of the Soviet weapons in the Pakistani province.

In one field, relations with India, there has been a major breakthrough since the reference memorandum was issued. Following intense and at times acrimonious negotiations, the two countries signed an agreement in New Delhi on 28 August which went a long way to eliminate the humanitarian problems remaining from the 1971 war. All but 195 Pakistani prisoners of war in India will be returned to Pakistan. The fate of the 195--those wanted by Bangladesh for war crimes trials--is to be decided later in consultation among Bangladesh, India and Pakistan. Islamabad will permit the departure for Bangladesh of all Bengalis who wish to leave Pakistan and, in turn, will accept a substantial number (estimated at 70-100,000) of non-Bengali Muslims in Bangladesh (Biharis) who have ties with Pakistan or desire to settle there. The accord has been well received in Pakistan and removes an immediate problem for Bhutto--the pressure to bring the POWs home. Difficult problems may emerge later, however, over the future of the 195 prisoners remaining in India, Pakistani recognition of Bangladesh, and the total number of Biharis to be accepted by Pakistan. Bhutto almost certainly will ask his hosts in Washington to apply pressure on Dacca to secure early release of the 195.

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In sum, Bhutto's problems seem to have increased since the reference memorandum was issued. The floods pose immense problems today and could have long term economic and political ramifications. His relations with his political opponents have deteriorated and positions have hardened; he now faces low-level but open insurgency in Baluchistan. Relations with the new Afghan Government tend to be more tense than with the former regime. Only on the subject of relations with India and Bangladesh has there been apparent progress since last July. Even here, new problems and crises are possible before the major issues are resolved. In light of all of the above, Bhutto needs continued support from his friends and during his forthcoming visit to Washington can be expected to project an image of moderation, of cooperation, and of identification with many, but not all, of the basic foreign policy goals of the United States.

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